United States
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Foreign Agricultural Service

Foreign Agriculture

August 1981

Egypt
A Growing Market

Commodity Update

Citrus Fruit

The Southern Hemisphere's 1981 citrus crop is forecast at 12.7 million metric tons—about the same as last year's. Argentina's crop is expected to be larger, production in Brazil and Australia may be down a little, and South Africa should harvest about the same amount as last season. **Fresh citrus exports are also expected to remain near last year's levels as increased shipments from South Africa and Argentina offset reduction in Brazilian exports.** South Africa accounts for about two-thirds of Southern Hemisphere citrus exports. Because of a smaller carryin, Brazil may have slightly less frozen concentrate orange juice available for export.

Grain

Although India's Government-owned rice stocks remain relatively large, the carryover stock of Government-owned wheat has declined each year since 1977 when stocks were at a peak of 11 million tons. As a result, **several measures were instituted last season to moderate the grain drawdown.** These included reductions in flour allocations to millers, discontinuation of food grain allocations to food-for-work projects, and an attempt to moderate the amount of wheat being released through the public distribution system. Nevertheless, Government wheat stocks declined on April 1 (the beginning of India's wheat marketing year) to an estimated 3 million tons, the lowest level in 6 years. **In order to halt further declines and possibly begin replenishing stocks, the Government has set an ambitious procurement target of 9.5 million tons from this year's wheat crop.**

Historically, about 97 percent of all Government procurement has occurred between April 1-June 30. Early purchases of wheat from the local markets have been necessary to achieve procurement targets. After a disappointing start in this year's procurements during April and early May, limits have been placed on wholesaler's and individual household's stocks and restrictions have been set on wheat movement out of the major surplus-producing states. **By June 1, procurement reportedly had reached approximately 5.3 million tons—the same level as on June 1 a year ago.** In 1980, total procurement reached only 5.8 million tons.

Despite these controls—which should help boost June procurement—the total for the current year will likely fall well below the targeted level. Thus, **India may decide to import wheat in order to assure stocks for public distribution and to moderate the inflationary implications of an ongoing tight wheat situation.** Should such a decision be made, it would be the first time in almost 5 years that India has imported appreciable quantities of wheat.

Cotton

World cotton production in 1981/82 is forecast at 68.6 million bales (480 lb net), 5 percent above 1980/81 production of 65.5 million bales. Production is expected to be up in most major producing countries except the Soviet Union, which harvested a record seed cotton crop in 1980/81. Soviet production in 1981/82 is forecast at 13.5 million bales and Chinese production at 13.0 million bales.

Projected larger 1981/82 cotton supplies are expected to increase that year's U.S. cotton exports to 6.7 million bales, an increase of 700,000 bales over the revised 1980/81 estimate of 6.0 million bales.

Oilseeds and products

World oilseed production in 1981/82 is forecast at 174.5 million tons, 12 million tons above the 1980/81 harvest. Recovery of the U.S drought-reduced crop accounts for much of the increase. U.S. oilseed output is forecast at 63.9 million tons, an increase of 7.4 million tons.

U.S. exports of oilseeds and products dropped to $7.2 billion in the first 8 months of fiscal 1981, a decline of 3 percent. Reduced volumes of peanuts, sunflowerseed, and soybean oil account for much of the decline.

U.S. imports rose to $687 million in the first 8 months of the current marketing year. Imports of peanuts accounted for almost all of the increase.

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Egypt May Become $1 Billion U.S. Market in Few Years

By James E. Ross

Egypt will probably become a $1 billion market for U.S. agricultural products by 1983, provided it continues to boost imports of U.S. farm products at the average rate of the past 2 years.

Since the United States resumed diplomatic relations with Egypt in 1974, U.S. farm exports to Egypt have increased sixfold—from $123 million in 1973 to $770 million in 1980.

Concessional sales of U.S. farm products under Public Law 480 and U.S. Agency for International Development (USAID) disbursements have made up an important part of this increase, but commercial sales also have been significant—amounting to more than $300 million in 1980. As Egypt's private sector develops—fostered by the Egyptian Government's open-door policy—and as that Government's purchasing power increases, sales of U.S. processed food and bulk agricultural products will expand further.

Factors affecting U.S. concessional sales of food to Egypt largely are political and are intertwined with American overall Middle East policy. Political factors also have an impact on nonconcessional sales, but so do a myriad of others.

Limited arable land is a major constraint to large agricultral production in Egypt. The total cultivated area within the Nile Valley, known as the "old lands," is about 2.4 million hectares. Approximately 6 percent of this area is in orchards and permanent crops. Some 4 percent is planted to sugarcane.

This leaves only 2.7 million hectares to be cultivated for seasonal field crops and vegetables—1 hectare for every 20 people. Increasing productivity on this limited land base, and expanding the area under cultivation, are the focuses of efforts to augment Egypt's agricultural output.

Egypt has given greater attention in recent years to improving the availability of credit, upgrading agricultural research and extension services, and improving processing and marketing of crop output, as well as modernizing other support areas. But whatever approach is taken to increase agricultural output, production will remain highly dependent on water supply and management. Some analysts believe the current era, with its relative abundance of Nile water for agriculture, will come to an end during the next decade. Others believe the supply of water will not be a limiting factor. All, however, seem to agree that better management of the available water supply, is critical to the country's agricultural future. Related to the water supply issue are the two problem areas of inadequate drainage and encroaching soil salinity.

Egypt's focus on food supplies appears to be having beneficial effects. Agricultural production during the past 3 years has increased at annual rates equal to or greater than those of population growth. Consumption also is growing. Major factors influencing Egypt's ability to consume agricultural commodities and products include population growth, rising per capita income, and food policy. Taken together, these factors account for almost all of the annual increase in utilization of basic food commodities.

Egypt's population in 1980 reflected an annual growth rate of 3 percent, resulting in about 1.3 million more people to feed. With a continued growth rate of 3 percent, Egypt's population could increase from its present level of 43 million to approximately 80 million within the next 20 years.

If population control measures now being encouraged prove to be effective, the number of people might be held to 60 or 70 million by the turn of the cen-

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tury. But whatever the number, the figures justify the country's concern with food security—production and importation of food may have to double within the next 23 years simply to maintain the current level of per capita consumption. Food production during the past 23 years has increased by less than one-half.

In addition to the population factor, the demand for food is also affected by rising per capita incomes. Supply data for nine basic food commodities indicate the total volume of consumption in recent years has increased at approximately the same rate as population growth. But there has been a marked shift toward greater per capita consumption of meat, especially poultry meat.

The increased demand for high protein foods, such as meat and dairy products, has become significant. Evidence of this rising demand is shown by shortages in retail outlets and increased imports of these commodities during 1980. The other significant influence—in addition to the population and income factors—is the direct effect of Egypt's food policies. Basic food commodities are made available to ration card holders at subsidized prices. This helps assure adequate supplies of specific foods for the lower income population. It also results in greater consumption of certain food commodities than would exist without a subsidized food distribution system.

As import quantities increase and world commodity prices rise, Egypt's concern with food subsidies will become more intense. There was a significant increase in fiscal 1981 (July-June) in the country's subsidy bill—rising to nearly $3 billion compared to slightly more than $2 billion the year before. Subsidization of essential commodities could be as high as $3.5 billion in fiscal 1982.

Egypt's improved economic situation and its favorable balance of payments in 1980 indicate the country will be financially able during coming years to fill its food deficit through importation.

Petroleum has become Egypt's major export product—representing about 60 percent of the value of the country's total exports. Prospects also are good for increased foreign exchange earnings through tourism, remittances from workers abroad, and Suez Canal fees.

While Egypt's balance of payments prospects in the short run are relatively good, the outlook for a favorable balance of agricultural trade is less optimistic. That country's payments for agricultural imports have exceeded income from agricultural exports every year since 1974.

The deficit grew in 1980. Although exports of cotton, oranges, potatoes, and onions increased substantially, major food imports grew even more significantly.

Cotton, historically, has been Egypt's major agricultural export, and, until 1977 it was the country's leading export. In 1980, higher cotton yields resulted in a larger crop—nearly 10 percent over 1979's—and prospects are good for increased foreign exchange earnings from cotton exports in 1981.

Government imports of wheat, corn, sugar, pulses, red meat, and poultry meat increased substantially in 1980. In addition, private imports of poultry meat and eggs were significantly higher than in the year before. Prospects are that importation of these products in 1981 will again be higher than in 1980.

Ministry of Supply data indicate the following food commodity import levels in 1981: Wheat, 4.3 million metric tons; wheat flour, 1.3 million tons; corn, 1.2 million tons; fava beans, 80,000 tons; Great Northern Beans, 3,000 tons; lentils, 106,000 tons; beef/mutton, 120,000 tons; and poultry meat, 85,000 tons.

Total U.S. exports to Egypt in 1980—including re-exports—were valued at $1,874 million. Imports of Egyptian products by the United States totaled $458 million. Agricultural products accounted for approximately 40 percent of U.S. exports to Egypt but less than 1 percent of imports from that country.

Petroleum is the major U.S. import from Egypt, accounting for around 90 percent of the total import value in 1980. Agricultural imports from Egypt were made up largely of complementary products—spices and essential oils. Only about one-fourth ($1 million) of these imports were supplementary to U.S. agricultural production. The levels of complementary imports have remained relatively stable in recent years, while supplementary products—mainly raw cotton—have declined.

Wheat and flour accounted for 40 percent of U.S. agricultural exports to Egypt in 1980. Vegetable oils, corn, and tallow also were major exports. In 1980, wheat and flour, cottonseed oil, corn, and tallow accounted for 80 percent of all U.S. agricultural exports to Egypt. All of these products—except cottonseed oil—were included in U.S. concessional sales programs.

The largest item in the billion-dollar U.S. economic assistance program to Egypt in 1980 was the financing of wheat and flour imports under Public Law 480. Added to the P.L. 480 Program, which amounted to $300 million in U.S. fiscal year 1980 for Titles I and III, was approximately $120 million under the Commodity Import Program administered by USAID. These funds were used to purchase tallow, corn, frozen chickens, lentils, and tobacco. Funds made available to Egypt under Title II of P.L. 480, a grant program, amounted to $19 million and primarily financed purchases of fortified food products.

Both the quantity and value of U.S. agricultural exports to Egypt increased in 1980. The value was 30 percent greater than the year before, while the quantity was up about 25 percent. Higher prices for wheat, corn, vegetable oils, and tobacco largely were responsible for the increase in value. Larger imports of wheat, corn, cottonseed oil, poultry meat, and tallow accounted for most of the increase in quantity.

Egypt in 1980 was the top world market for U.S. cottonseed oil (168,217 tons—$108 million), wheat flour (469,486 tons—$105 million), tallow (187,510 tons—$95 million) and, surprisingly, frozen turkeys and turkey parts (11,316 tons—$9 million). Next to Japan, Egypt was the second most important market for U.S. frozen chickens and chicken parts (31,024 tons—$34 million). There was nearly a threefold increase in U.S. exports of poultry meat to Egypt in 1980—48,000 tons, up from 16,500 tons in 1979.

Egypt is, indeed, an important export market for the U.S. farmer. On the other hand, the U.S. farmer is an important supplier of food for the Egyptian consumer. Of all the food and agricultural products imported by Egypt in recent years, it is estimated that more than one-third was produced by U.S. farmers.

Egypt is backing its concern over adequate food supplies by increasing its investments in agriculture. The rolling 5-year plan places primary emphasis on agriculture. Plans for achieving food security include increasing productivity on old lands, bringing new lands under production, and shifting resources to encourage production of high-value crops for export.

Egypt's agricultural development, however, is constrained by a number of factors, including limited land base, rising water tables, and increasing soil salinity. Additionally, institutional weaknesses in the areas of agricultural credit and cooperatives, research and extension constrain agricultural development. Restrictive policies of quotas and price controls; and infrastructural weaknesses in port and storage capacities, processing facilities, marketing outlets, and agro-distribution systems further hamper Egypt's ability to increase agricultural production.

Until the effect of these constraints is reduced, Egypt will have to continue to rely on foreign credits and/or foreign exchange earned by other sectors of the economy in order to import the food it needs. ■

A Look at Egypt's Food Marketing Structure

The processes connected with the buying, selling, and importing of foodstuffs for the Egyptian market follow a well-established format that involves both the private sector and several Government agencies.

Included in the merchandising network are Government-operated wholesale companies, privately owned retail stores selling only nonrationed and (sometimes) nonrefrigerated foods, and authorized private grocers and Government food stores that sell rationed food items and a limited number of nonrationed foods. Not all stores have refrigeration facilities.

The situation is further complicated by the fact that, although the Government's ration list of basic foods is substantial, householders can often buy foods on the list in larger amounts than set by the ration, depending on the available supply. Furthermore, most foods are subsidized, but some are not. And again, extra quantities of subsi-

dized foods can be bought, sometimes with access to the subsidy payment, sometimes not.

(The Egyptian Government recently announced it would continue to subsidize basic foods even though salaries and wages have risen 20-60 percent, effective July 1981.)

The Egyptian Government subsidizes to some degree all foods that are considered to be basic to the Egyptian diet. These are fava beans (horse beans or broad beans), lentils, refined sugar, rice, tea, cooking oil, red meats, chicken, fish, and flour. Not included in the list of basic foods, but subsidized nonetheless, are margarine, sesame, and helwa (feast day sweets), corn imported for use almost entirely for poultry and animal feed, and butter and butter oil, which carry relatively small subsidies. Combined, the 10 basic foods account for more than two-thirds of the country's daily caloric intake.

Rationing and price policies for these foods normally determine food consumption patterns. They dictate to a large extent the makeup of Egypt's import lists and the volume to be purchased domestically and overseas. They also affect agricultural production, trade, balance of payments, and economic planning.

Most of Egypt's retail units are small shops, located by the thousands in the largest cities and the smallest villages. Most of these stores do not offer products requiring refrigeration, although refrigerated vans, trucks, and store equipment are becoming more plentiful. Also, refrigerated and frozen food storage and freezing facilities have been established in recent years. In Cairo and other major cities, for example, only an estimated 40 percent of the food retailers have refrigeration facilities, although the number is bound to grow.

Most food imports enter Egypt through the port of Alexandria, although increasing quantities are entering through Port Said. Only minimal amounts make their entry through other ports. Free-zone area facilities are widely available in Port Said and in special areas in Alexandria.

Nearly all wholesale activities are handled by two companies owned by the Ministry of Supply which receive imported or locally produced commodities, pack them in consumer-sized containers, and distribute them to the market. Each company supplies both rationed and nonrationed commodities, and operates its own chain of warehouses and transportation fleets.

The Ministry of Social Affairs administers a large wholesale cooperative. The cooperative operates much as the wholesale companies, except that it services consumer cooperatives that sell to members within the country's industrial centers, country clubs, and headquarters of labor and professional organizations.

Egypt's thousands of grocery stores carry numerous consumer items, and are owned either by the Government or

by individual operators. Normally the Government stores carry the largest food stocks and some have refrigeration units, but not all. Those Government and private stores not having refrigerating equipment sell only processed and bulk food items not requiring cold storage. Most of the stores having refrigerating equipment are located in the larger cities—notably Cairo, Alexandria, and Port Said, but also in a few others. These stock meats, frozen chickens, butter, and cheeses, as well as other refrigerated items, plus a large supply of foods not requiring chilling. Prices at most stores having such equipment are usually higher than similar items sold at non-refrigerated stores.

Within the Greater Cairo area, the Ministry of Supply operates two large retail firms with 600 outlets. Known as the Government Cooperative Stores, the firms carry nearly every grocery item needed by an average family. The stores have limited freezer and refrigerator facilities, but are popular with low-income families because prices are kept down despite the presence of this equipment. Another Government-owned company in Alexandria operates about 120 outlets for the same type of consumers.

All three companies not only buy domestic food from wholesalers, they also purchase locally produced foods directly, and enter into import contracts with foreign suppliers, using their own resources.

At the present time, the Egyptian Government rations vegetable oil, sugar, tea, and rice. Chicken and red meat are rationed less strictly. The quantity of foods available to each family is usually determined by the number of family members. Ration books are normally issued to heads of families and provide for all dependent members of the family, dependent relatives, and maids—provided they are not listed in other ration books.

Distribution of rationed foods is handled by selected private grocers and Government food stores. Purchases of rationed goods can be made by the families only from the stores where they are registered. These grocers also carry nonrationed goods which can be purchased by anyone.

An authorized private grocer receives his stocks of rationed items from the wholesale companies administered by the Ministry of Supply. Retail prices of these items, for the authorized amounts, are less than the free market prices. Ration amounts and prices vary from time to time, sometimes the amounts being smaller and the prices higher than at others.

Additional quantities of the rationed items can often be bought by the ration bookholder at a Government store. However, these prices are higher and the quantity varies according to the supply.

Other basic food commodities, which are subject to less severe ration rules, also are offered at the Government stores. Principal items in this category are meat, fish, flour, fava beans, and lentils. Prices are low but quantity per family depends on the supply. Ration cardholders have no guarantees on the amount they can get. Government food stores also offer nonrationed items such as jams, cheeses, canned fish, eggs, and pasta at regular market prices. Unrestricted amounts of meat, fish, and chicken can also be bought through private stores at market prices.

Four basic food items—tea, sugar, cooking oil, and rice—are rationed and subsidized when sold through private grocers. When sold through Government-owned stores, all are subsidized but only cooking oil and rice are rationed. Some other foods—meat, chicken, fish, fava beans, and lentils—are rationed and subsidized when sold through a Government store.

Flour is sold in Government stores at a subsidized price but is not rationed. A number of other commodities are subsidized but not strictly rationed. However, quantities are not assured. Bread, the staple of the Egyptian diet, is highly subsidized with no limitation on quantity.

In fiscal 1981 (July-June), Egyptian subsidies for basic food commodities were budgeted at $1.58 billion, but are expected to go considerably higher.

In the 1980/81 year, food subsidies were budgeted at the following percentages of the total amount: Wheat and flour, 46 percent; edible oils, 18 percent; sugar, 9 percent; corn, 6 percent; tea, 4 percent; meat, 8 percent; rice, 4 percent; and other foods, 5 percent.

Quantities and prices of rationed sugar, vegetable oils, rice, and tea, sold at authorized private grocers, are strictly controlled. The monthly per-person ration of these food products is: Sugar—750 grams at 14.3 U.S. cents per kilogram; edible oil, 450 grams at 14.3 cents per kilogram (650 grams for persons living on the coast); rice, 750 grams at 7.1 cents per kilogram; and tea, 80 grams at 7.8 cents for the first 40 grams and 15 cents for the other 40 grams. Additional stocks of sugar, edible oil, rice, and tea can also be bought unrationed at higher prices.

Red meats, chicken, and fish are not strictly rationed since the quantity available per person varies from time to time. The price for rationed boneless beef is 97 cents per kilogram and $1.21 per kilogram of bone-in mutton. Families are allowed to buy one domestic chicken per month plus three imported chickens (if red meat is not available). Fish is not rationed and the price varies according to type.

Additional quantities of rationed items can be bought free of limitations at Government stores, although their prices are usually higher. Normally, rationed articles also can be bought at some private stores, both in the amount of the ration and in larger unrationed quantities.

A report from Cairo, entitled Egypt: Subsidy Pricing and Rationing of Basic Foods (EG-1013, April 7, 1981), gives additional information of interest to U.S. food exporters. A free copy can be obtained by writing to FAS Reports Unit, Room 6066 South Building, Foreign Agricultural Service, USDA, Washington, D.C. 20250 . . . *By James E. Ross.* ■

Fact File
Egypt's Agricultural Imports

Egypt's imports of farm products from all countries are expected to be in the vicinity of $4.4 billion in 1981—about $1 billion above the 1980 value. Egypt will import about half of its food supply in 1981, in contrast to about one-fifth of the total in 1971 and only 7 percent in 1961.

The United States is likely to supply about one-fourth of Egypt's total agricultural imports this year, and the European Community (EC) share may be 27 percent.

Diversification of the commodity mix to include more livestock products, sugar, and raw materials for factories diluted the dominance of wheat in Egypt's agricultural imports from 55 percent of the total in 1973 to only 35 percent in 1980. Yet, Egypt is likely to be the world's third largest importer of wheat and flour (in wheat equivalent) in 1981, buying 6.2 million tons.

The second most valuable commodity among Egyptian agricultural imports in 1981 may be sugar with a value near $285 million. Egyptian sugar imports soared from 157,600 tons in 1977 to 363,000 tons in 1978 as the value rose from $43 million to $104 million, and the growth in sugar imports continued at a rapid pace in 1979 and 1980. Egypt's imports of a number of farm commodities exceeded $100 million in 1980. These include cottonseed oil, tallow, tobacco, beef, and poultry meat. Spending for imports of butter, cheese, and pulses is expected to exceed $100 million for each in 1981.

Imports of wheat and flour (in wheat equivalent) increased 9 percent to 5.4 million tons in 1980 valued at about $950 million. Egypt's imports of wheat and flour soared from 3.8 million tons in 1976 to a peak of 4.8 million tons in 1979. This included 3.6 million tons of wheat and over a million tons of wheat flour. Austrialia sent 1.5 million tons of wheat to Egypt in 1980—and its deliveries for 1981 are scheduled to remain near the 1980 level.

Egyptian imports of livestock products may surpass $600 billion in 1981. This would include about 120,000 tons of beef for $250 million, over 110,000 tons of poultry meat for about $125 million, $120 million worth of butter, $90 million worth of cheese, and milk powder valued at about $70 million. The EC and Australia will supply most of the beef, but sales of beef liver from the United States are rising rapidly.

The United States also will supply more than half of Egypt's poultry meat imports this year.

The EC, Australia, Switzerland, and New Zealand have supplied most of Egypt's cheese imports recently, and may continue to do so.

Egypt expects to import over 85,000 tons of lentils this year, including about 10,000 tons from then United States. This country made its first shipment of 7,000 tons of lentils in 1980.

Rising incomes, trade liberalization, improved refrigeration, and the development of viable private import firms have contributed to rapid growth in many commodities, which were not very important in Egypt's trade during the 1960's and early 1970's. Egypt's imports of beef, cheese, butter, apples, almonds, raisins, and canned fruit more than tripled between 1975 and 1980.

Some surprise sales of U.S. products to Egypt in recent years included apples, beef liver, and various processed foods, Egypt could become a much larger market for U.S. rice, lentils, dry beans, apples, and canned foods in 1981.

Egypt: A Growing Market for Poultry and Egg Products

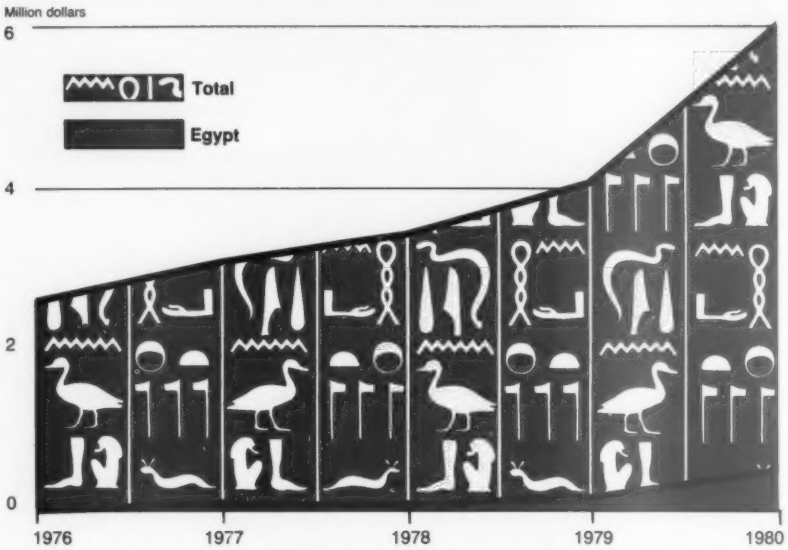
By Jack Mills

During the last 5 years, U.S. poultry and egg exports to Egypt have grown at a rapid pace. In 1976, they were a meager $114,000, but by 1980 they had climbed to $48.7 million, making Egypt the second largest market for these U.S. products. In 1980 the Egyptians purchased 10 percent of the United States' exports of chicken meat and almost 20 percent of its turkey meat exports. Table egg shipments to Egypt have also begun to show healthy volume. In the first 4 months of 1981, Egyptian imports of U.S. poultry and eggs continued to expand and jumped 29 percent over the same period in 1980.

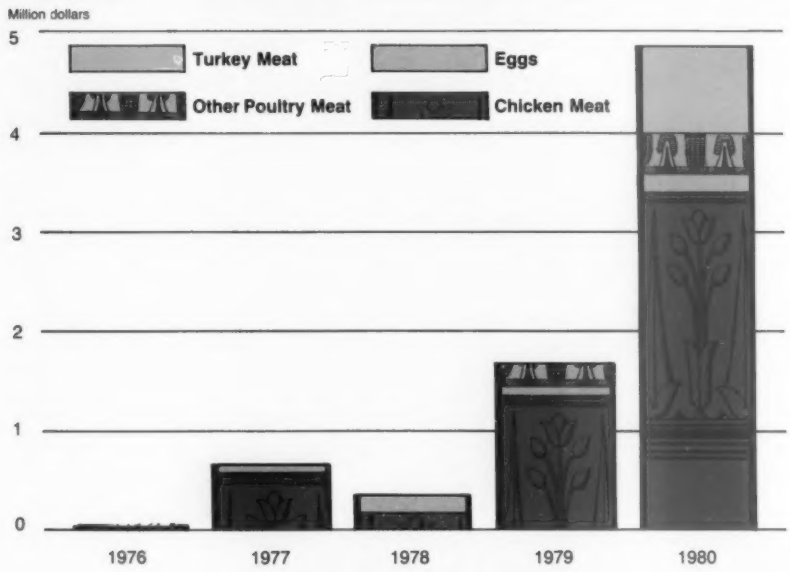
The revival of the Egyptian economy in the last few years has spurred the growth of agricultural imports from the United States. Egypt's economy performed exceptionally well in 1980, and the country began 1981 with an apparent easing in the serious inflation that plagued it last year. The trade picture has also been brightened by Egypt's record balance of payments surplus from 1980 that stemmed from high petroleum earnings and remittances from Egyptians living abroad. Prospects remain very favorable for more real increases in GNP ranging from 8 to 10 percent a year and a continued high level of investment equal to 27-28 percent of GNP.

Much of the information in this article stems from a market survey in March 1981. A more detailed poultry market profile is available from the USDA, Foreign Agricultural Service, Dairy, Livestock, and Poultry Division, Washington, D.C. 20250.

Egyptian Share of U.S. Poultry and Egg Exports, 1976-80



United States Poultry and Egg Exports to Egypt, 1976-80



Per capita consumption of poultry meat is forecast to rise to about 11.0 pounds in 1981, up from 7.9 pounds in 1979. This is an increase of 40 percent in just 2 years. During this same period, per capita consumption of shell eggs increased 7 percent from 49 to 52. However, these consumption levels are still relatively low and leave substantial room for growth, both in domestic production and imports.

The United States competes in the Egyptian market with other major exporters. Major egg suppliers other than the United States are the Netherlands, Brazil, India, and Israel. In the case of broilers, competing countries include Brazil, France, Greece, and Denmark. Recent prices for imported broilers from different sources have been as follows: (in U.S. dollars per metric ton, c&f, Alexandria)—Brazil, $1,447; Denmark, $1,564; France, $1,465; and the United States, $1,459.

U.S. exports of broilers to Egypt have been assisted by the Agency for International Development's Commodity Import Program, financing about half of the broiler exports. All other purchases of poultry and eggs were made with Egypt's own foreign exchange.

The Egyptian Government plays an important role in providing minimum quantities of basic foods at subsidized prices to low-income families. Poultry and eggs are offered in Government-owned retail outlets at prices below those in private stores. In Cairo, two Government companies operate 600 retail cooperative outlets. There is a large Government-owned company in Alexandria, that operates another 120 consumer outlets. In March 1981 domestic poultry and egg prices in Egyptian pounds (LE) per kilogram and U.S. cents per pound were:

Commodity	Government		Private	
	LE/Kilo	¢/lb.	LE/Kilo	¢/lb.
Broilers (whole)	1.05	69	1.50	98
Chicken liver	1.15	75	1.30	85
Table eggs (30 eggs)	1.25	82	2.40	1.74

The Government purchases substantial quantities of poultry meat and shell eggs. Tenders for these commodities are issued in Egypt by the General Authority for Supply Commodities (GASC). GASC is an agency of the Ministry of Supply. Commodity specifications can be obtained for a small fee from—GASC, 24 Gomhouria Street, Cairo, Egypt, Teles: 92062, Cable Address: ESTRAM.

In recent years, Egypt has liberalized the import of food products. Import and other customs duties are collected on the basis of a "Customs Tariff" on the day of payment, and on the basis of c.i.f. value of the imported goods. Whole chicken, shell eggs, and egg products are exempt from import duties. However, all imports of poultry and poultry products are subject to licensing. In addition, poultry meat is tested for salmonella contamination. These requirements could create problems in planning long-term exports to Egypt, since they could be used at any time to stop poultry and egg imports.

Most imports enter Egypt through the port of Alexandria, though some enter through Port Said. Free zone area facilities are available in all Port Said areas and in some special areas of Alexandria. There are no cold storage facilities at either port.

All poultry meat is imported in break bulk. The frozen product is unloaded during the cool of night from 6:00 p.m. to 5:00 a.m. The product is put on nonrefrigerated trucks and taken to cold storage facilities outside the port area. There are very few refrigerated trucks available to move frozen products from the port area. The lack of freezer space in retail outlets and private homes requires that frozen products be prepared almost immediately.

Requirements for exporting to Egypt include:

- Imports must go through an Egyptian registered agent. The only exception to this requirement is for commodities financed by the U.S. Government.

- Label information must include the name of the producer, brand name, date of slaughter, pull date, analysis and percentages of food additives, and gross and net weights. If the product is imported in large quantities, it is advisable to have Arabic labels; and

- Documents that are to accompany each shipment are: (i) a statement that slaughter was done according to the Moslem religion; (ii) a certificate from the health authorities at the country of origin, which includes the name of the exporting country, the number of parcels, type of meat, date of inspection, name of consignor, port of dispatch, and name of consignee; (iii) a certificate from the veterinary authority that the animals from which the meat and its parts are taken had been examined before and after their slaughter and were found to carry no disease contagious to human beings or animals; and (iv) a certificate attesting that the meat had been stored at below zero centigrade before shipment. ■

Country Briefs

China

Rice Exports May Drop in 1981

The combination of a reduced rice crop in 1980 and the Government's goal of improving the living condition for a population of roughly 1 billion may lead to a sharp drop in China's rice exports this year. China is the world's largest rice producer, but almost all of the harvest is consumed domestically. Nonetheless, in recent years Chinese rice exports are estimated at 1 million metric tons or more—putting China among the top four rice exporters in the world. However, shipments abroad this year may tumble to about 600,000 tons, the lowest level since 1962 when an estimated 578,000 tons were exported.

On April 29, the country's State Statistical Bureau listed the 1980 rice production at 139.3 million tons, off about 3 percent from 1979's output of 143.8 million tons, but slightly above 1978's 137 million tons. On the demand side, however, China's population growth rate is around 1 percent per year, equal to an annual population gain of about 10 million. China's early rice crop last year suffered a severe setback in the Yangtze Provinces because of flooding caused by excessive rainfall. Marginal increases were recorded in South China areas, but these gains were not big enough to offset the losses along the Yangtze. Production prospects for the 1981 rice crop through early June indicate that outturn should increase, but it will likely fall short of the record 1979 crop.

In 1980, Guangdong Province—China's top producer—harvested 17.6 million tons, an increase of 555,000 tons over 1979's level, according to Chinese statistics. Guangdong could conceivably expand rice exports if prices are favorable. China's largest export market for rice is Indonesia, followed by Hong Kong. But shipments to Hong Kong are determined by quotas among individual importers—*Based on reports from the Office of U.S. Agricultural Officer, Hong Kong.*

Saudi Arabia

Now Ranks Among Top Three Importers of Poultry Meat

Saudi Arabia has joined the USSR and West Germany as one of the world's three largest importers of frozen and chilled poultry meat, following 8 years of uninterrupted and dramatic trade growth.

Responding to a surge in domestic demand that accompanied the upward spiral in petroleum prices, Saudi Arabia's imports of poultry meat soared from only 12,000 metric tons worth $13 million in 1973 to nearly 200,000 tons valued at $260 million in 1980. And further expansion to 250,000 tons worth more than $300 million is seen for 1981, despite recent strides in boosting domestic output of poultry. This rapid trade growth has attracted

exports from more than 25 countries. However, three-fourths of the volume last year was supplied by six nations—France, Brazil, Hungary, Bulgaria, Romania, and the United States.

Among the gainers in the market last year was the United States, which accounted for about 17,000 tons of total imports, compared with only 3,650 tons in 1979. However, a large part of the 1980 exports consisted of frozen layers, apparently for sale to immigrant workers, and turkeys, for import sale to Americans stationed in Saudi Arabia on contracts with private firms. The United States still has not made significant headway in the market for frozen whole chickens, in large part because of competition coming from subsidized exports.

For instance, subsidized poultry meat from France—by far the largest supplier—accounted for 80,000 tons of total 1980 imports, compared with only token amounts in 1974. French exports took off in 1975, when supplies from Lebanon began to dry up. Saudi takings from France that year reached 15,000 tons, and—aided by EC subsidies on poultry meat exports—they have risen steadily ever since. Last year, frozen poultry shipped from France to Saudi Arabia reportedly sold at an average f.o.b. price of $1,350 per ton in the Saudi market.

Similar rapid growth occurred for Brazil, which boosted its share of Saudi imports to 42,000 tons in 1980 from about 18,000 the previous year and only 1,329 in 1978. Rapidly expanding domestic production and the use of export subsidies allowed Brazil to offer whole chickens at about $1,275 a ton. The third largest supplier, Hungary, is estimated to have shipped 31,000 tons of poultry meat to Saudi Arabia last year, down slightly from the 35,000 tons of 1979, but four times 1977's 7,576 tons.

Saudi output of poultry, meanwhile, is growing rapidly, with 1980 production of 50,000 tons about double the 1978 level. Another doubling of production to 100,000 tons is seen by 1983, as more Saudis get into the poultry business and the Government continues to pay up to half the cost of animal feed. These efforts are being aided by U.S. and European firms and technicians hired to develop technology for broiler enterprises near Jeddah, Riyadh, Medina, Damman, Taif, and several other cities.

Yet demand could well continue to rise faster than output, in response to the upgrading of diets resulting from rising incomes, population changes, and improvements in marketing and distribution.—*John B. Parker, Jr., International Economics Division, Economic Research Service.*

Bangladesh

Dacca Hotel To Serve U.S. Meats at Opening And Afterwards

U.S. exporters have made a 3-ton shipment of meat to Bangladesh in preparation for the opening of a new hotel in the country's capital.

The order for Dacca's 337-room Sonargaon Hotel—consisting of U.S. turkey, oven-prepared ribs, and hot dogs—is part of a program to provide room-service and dining-room patrons with some of the best meats available. This order is probably the first commercial import of U.S. meat by a firm in Bangladesh.

The shipment, purchased for the hotel's preopening inventory, was made by Tokyu Hotels International of Tokyo, consultant and management company for the hotel. The meats were provided by three California firms, each shipping one type of meat. In the future, the hotel will handle its own purchases of foods from the United States and other supplier countries.

Thirty-six U.S. firms had responded recently to a request from the five-star hotel for descriptions and prices of their food products. Other firms interested in providing information are requested to write to TORS, U.S. Department of Agriculture, Room 4645S, Washington, D.C., 20250, which will forward it to the hotel via the U.S. Agricultural Attaché in Dacca.

United Kingdom

Food Consumption Declines in 1980

Overall per capita food consumption and supplies in the United Kingdom fell in 1980 from 1979's level, according to figures released by the U.K. Ministry of Agriculture. Except for fish, fruits, and vegetables (other than potatoes), all major food groups registered declines in consumption during 1980. In terms of nutrition, per capita intake of proteins, fats, and carbohydrates, along with the total energy value of the diet, was below the previous year's level. The Ministry's consumption comparisons were based on revised 1979 figures and preliminary 1980 statistics.

The fall in food consumption most likely arose from the general tightening in consumer purchasing power resulting from rising unemployment and smaller wage increases. In the dairy sector, excluding butter, per capita consumption in 1980 fell 5.6 percent to 23.6 kilograms (milk solids basis), with most of the fall occurring in fluid milk and cheese. The decline in butter was almost offset by a rise in margarine consumption, but an overall downturn of 3.9 percent was registered in the fats and oils sector.

Meat consumption fell 2 percent to 58.2 kilograms per person, with most of the reduction coming in beef, which has fallen steadily in recent years. Mutton and lamb logged the only increase in the carcass meat sector as per capita consumption rose 2.8 percent to 7.3 kilograms. Consumption of pork declined 1.6 percent while that of bacon and ham slipped 1 percent. Average intake of poultry meat remained unchanged between 1979 and 1980, with the standstill bringing to an end the long period of annual increases in consumption. The long-term decrease in egg consumption continued in 1980.—*Based on a report from John C. McDonald, U.S. Agricultural Counselor, London.*

Soviet Union

May Divert Siberian Rivers To Water Cotton Areas

Soviet planners are considering the rerouting of Siberian rivers to alleviate the worsening shortage of irrigation water in several Central Asian Republics. The water scarcity could have long-term adverse effects on the production of irrigated crops—particularly cotton—the major user of the region's irrigation water. Also in jeopardy from the water shortage—and the accompanying buildup of soil salt—are Soviet plans to develop large new areas of agricultural land from currently nonproductive lands.

That the problem is serious is underlined by the belief of Soviet water experts that the current pace of land development—if maintained—would fully utilize by 1985 supplies of irrigation water from the two main Central Asian sources (Syrdar'ya and Amurdar'ya Rivers). Furthermore, they expect soil salinity to increase. Already, salinity levels are leading to the abandonment of sizable areas of farmland and causing crop yields elsewhere in the area to fall.

Long-term plans are under study that could lead to diversion of part of the flow from several Siberian rivers into Central Asia and Kazakhstan, as well as redirecting part of the Volga's flow through the Don River into the water-short Sea of Azov region. But even if these plans are carried out, it will be 15-20 years before the water diversion actually gets underway. Much time would be needed to do the preliminary planning, in addition to the time required for the actual digging.

Water from the diversion projects would be used for cotton and other crops that are heavy users of irrigation water and to wash the salt from already affected soils. The expenditure of time and money to accomplish just the latter task would be extremely high, but the need is emphasized by reports that cotton production is falling on large tracts of irrigated land in Turkmenistan, as well as in other Central Asian Republics. An irrigation expert in Turkmenistan has reported that 20-30 percent of the Republic's irrigated cotton land is slightly salty, and 50-60 percent is even saltier. It is estimated that about 60 percent of the Republic's total cotton land suffers from some degree of saltiness.

The somewhat modest annual seed cotton goal of about 9.2 million metric tons, set in the 11th 5-year plan (1981-85), may indicate that Soviet planners are aware that water shortages and salinity problems are likely to limit cotton production in the Soviet Union in the not-too-distant future.

Some 238,000 hectares of land in the Central Asian Republics are to be brought under irrigation and 360,700 hectares of pastureland are to be watered in 1981. The 1981-85 target for the region is for between 1.11 million and 1.15 million hectares to be irrigated and 23.9 million hectares of pastureland to be watered.

The percentage of the newly irrigated land to be allocated to cotton production is not known, but it is likely the major emphasis will be on production of crops other than cotton—probably feedgrains and vegetables—although cotton production will receive serious attention. It is probable that 200,000-250,000 hectares of new land will be allocated to cotton production over the next 5 years, for an additional annual production of 700,000-750,000 tons of raw cotton. In 1980, Soviet seed cotton production hit 9.96 million metric tons.—*Based on a report from Harlan J. Dirks, U.S. Agricultural Counselor, Moscow.*

Philippines

Posts Bigger Farm Trade Surplus in 1980

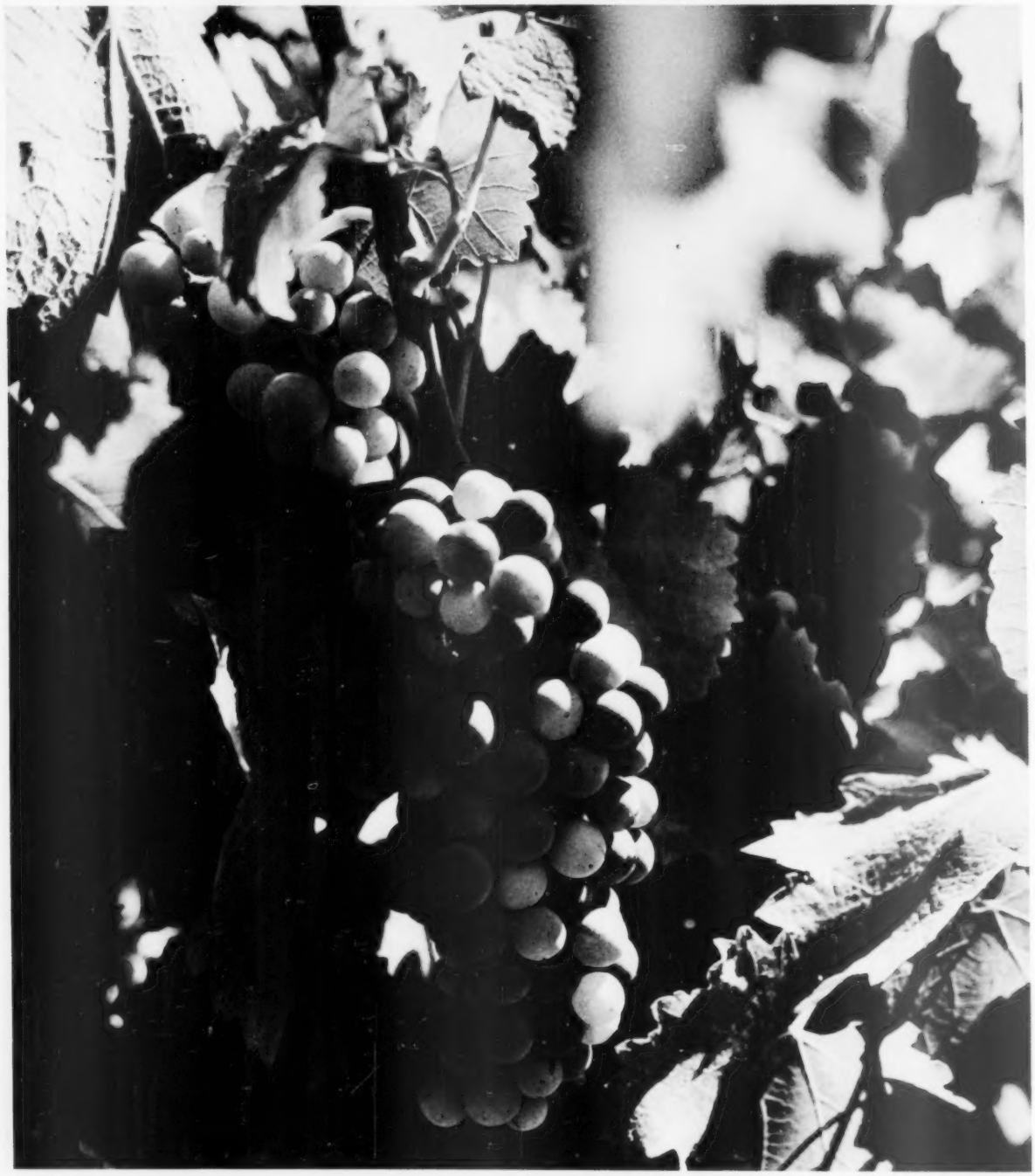
The importance of the agricultural sector to the Philippine economy is underlined by the fact that the country's farm trade produced a surplus of $1.39 billion in calendar 1980, while total trade for the year left a record deficit of $1.94 billion. On the agricultural side, shipments to the United States accounted for more than one-fourth of all exports. More than half of the Philippines' farm imports came from the United States. In short, it was a good trade year for Philippine agriculture as the trade surplus widened some 13 percent from the $1.2-billion level in 1979.

Despite a sharp dropoff in sales of coconut products (the top export item), agricultural export earnings jumped 17 percent to $1.98 billion for the Philippines in 1980. The gain stemmed mainly from a substantial increase in sugar shipments. The country's farm import bill rose 31 percent to $594.9 million in 1980, largely because of increased purchases of grains, dairy products, cotton, and soybean meal. Although the farm trade was favorable for the Philippines, the nation's trade balance was another matter as merchandise imports of $7.7 billion exceeded export sales of $5.9 billion.

On the farm export side, coconut products and sugar and molasses were again the Philippines' top two export earners in 1980. Exports of coconut products fell from $965 million in 1979 to $811 million in 1980, but the value of shipments of sugar and molasses more than doubled to $657 million from $238 million the year earlier. Exports of coconut products to the United States declined 26 percent in 1980 to $266 million, while those of sugar and molasses doubled to $150 million. A distant third in the country's export picture was sales of bananas, which climbed 18 percent to $114 million in 1980. Other leading individual exports were canned pineapple, $82 million (up 11 percent); tobacco, $30 million (down 8 percent); and abaca fiber, $27 million (up 6 percent). Nearly 60 percent of the country's canned pineapple exports and about half of the abaca fiber were exported to the United States.

Philippine agricultural imports in 1980 advanced nearly one-third from 1979's level of $455 million, with imports of grains increasing 49 percent to $214 million; dairy products 17 percent to $113 million; feedstuffs, including soybean meal, 92 percent to $81 million; and cotton 28 percent to $43 million. Agricultural imports from the United States rose from $205 million in 1979 to $299 million last year. Imports of U.S. grains jumped 56 percent to $171 million in calendar 1980 as purchases of U.S. feedstuffs more than quadrupled to $21 million. Other top farm imports from the United States were cotton, $38 million (up 48 percent) and tobacco, which rose slightly to $31.4 million last year. The U.S. share of the Philippine farm market in 1980 moved up 5 percentile points to 50 percent, with the United States providing 80 percent of the country's grain imports, 90 percent of the raw cotton, 88 percent of the tobacco, and 26 percent of imported feedstuffs.—*Based on a report from John E. Riesz, U.S. Agricultural Counselor, Manila.*

Expansion Era Marks German Wine Industry Despite 1980's Downturn



By Christopher E. Goldthwait

Despite last year's downturn in wine production, West Germany's wine industry has enjoyed a decade of growth and development, and the signs are favorable for a continuation of these trends throughout the 1980's.

This growth has been matched on the consumption side where more people are enjoying both the traditional favorites and newly developed types of German wines. At the same time, there is an expanding range of imported choices, among which California wines are generating much interest.

The long-term growth of Germany's wine industry has benefited from better yields on larger area, research in new grape varieties, and land consolidation and reformation.

Following a decade of expansion, 1980 turned out to be a disappointing year for Germany's wine growers. With production estimated at only 4.2 million hectoliters, compared with an average 9.3 million for the three preceding seasons, yields ranged from below 40 percent of normal to just above 60 percent in the country's 11 designated growing regions. The reason: Heavy rains in June and July, the crucial time for the flowering of grapevines.

The resulting damage limited fruiting and delayed seasonal development by several weeks. Quality, sensitive to late summer sunshine, is expected to be average overall. However, in the northern growing regions the level of sun in September and October was not enough to compensate for the earlier delays, and some wines may be more acidic than normal.

To make matters worse, just as the full effects of the poor harvest were becoming known, Germany's worst wine scandal in many years surfaced.

The author is U.S. Agricultural Officer, Bonn.

For the 1977, 1978, and 1979 vintages, a number of growers and traders in the best-known growing regions of Germany are alleged to have added sugar to wines of ordinary quality in order to bring the quality designation—in Germany related primarily to sugar content of the grape juice—up to the high levels of "Kabinett," "Spaetlese," and "Auslese."

Sugaring of the normal "Qualitaetswein" category is permitted—provided the sugar comes from a grape base and does not exceed a fixed level, but addition of sugar, beet or cane, or addition for the purpose of achieving a higher classification, are prohibited. Both practices are known to have occurred during these years, but initial results of an ongoing official investigation suggest that early reports were exaggerated and that the illegal practices were limited in extent.

But the unfortunate events of 1980 fly in the face of a strong decade of growth and development in Germany's wine industry. This is attributed largely to three factors: Continued growth in planted area and in yields; development of new varieties of grapes that are suited for Germany's harsh wine-growing conditions; and progress of "Flurbereinigung" or land consolidation and reformation.

After a sharp plunge following World War II, the area of Germany's vineyards recovered throughout the 1950's and 1960's, and continued to expand steadily during the 1970's. Reaching a post-war record of 88,917 hectares in 1978, total harvested area was nearly 19,000 hectares or 27 percent higher than that of 10 years earlier.

Average yields in the 1970's also rose, despite considerable year-to-year fluctuation, such as the one that occurred in 1980. A new Federal law, which envisions a maximum producing area of about 100,000 hectares, took effect December 1, 1980, and will sharply limit future growth to those areas particularly well suited for wine production.

A big factor in yield increases—and one which will undoubtedly continue—is the development of new grape varieties that are suited to Germany's extreme growing conditions. As the most northern of the world's major wine-producing countries, Germany is challenged season after season by its relatively cool climate and short growing season. An active research program at both Federal and State levels seeks hybrids that offer Riesling-like wine flavor, but have important early ripening and frost-resistant properties as well.

Although full development of new varieties takes a number of decades, the last 10 growing seasons have seen the introduction of many new varieties. The more important of these are "Morio-Muskat," "Scheurebe," and "Kerner." The most significant change in growing patterns, however, has been the conversion of many vineyards to a grape developed much earlier, the Mueller-Thurgau.

Named for its developer, a turn-of-the-century Swiss geneticist, this grape languished under intensive scrutiny until about 1955 when it reached a "take-off" stage. Between 1964 and 1977, it increased its share of total vineyard area from 21 to 27 percent and outdistanced Riesling as Germany's most widely grown variety. Riesling, however, still accounts for nearly all of Germany's top quality wines.

The viticultural and economic productivity of wine-growing area has been a major part of Germany's ambitious "Flurbereinigung" or land consolidation program. Since the early 1950's, about half of the 101,384 hectares of vineyards scheduled for consolidation has been reformed. The plan goes far beyond the important aim of consolidating scattered fields into larger segments under individual ownership. The competitive position of the grower is improved through various steps that reduce labor costs and maximize use of improved technology.

The process includes topographical restructuring, replanting with grafted vine stocks appropriate to the specific area, and introduction of labor-saving machinery.

In its broadest conception, Flurbereinigung sees agricultural goals, such as field or vineyard improvement, as only part of a total rural development package that includes: Resettlement of farm families, introduction of dual-purpose field access/hiking lanes, rechanneling of streams and waterways, control of erosion, introduction of pollution control facilities, development of recreational facilities for both residents and the citizens of nearby densely populated cities, and even introduction of alternative employment sources for members of farm families.

Germany's wine consumption has been expanding even more rapidly than production. Rising from just under 10 million hectoliters in 1969, consumption is estimated to have passed the 15-million-hectoliter mark in 1979/80. Expressed in per capita terms, the upturn has been equally significant since Germany's population growth has been stagnant. Consumption of wines of all types rose from 15.7 liters per capita in 1969 to nearly 25 liters in 1979/80. (The U.S. average is about 7 liters per capita.)

The most important factors in this increase have been the overall rise in German incomes, and the spread of wine-drinking among the population. Although sluggish economic conditions have led to a leveling off in the consumption growth rate the past two or three seasons, the long-term prospect is for continued increases in per capita consumption levels.

An uptrend can be predicted because Germany's consumption is still far below that of many wine-producing countries, but the successive year-to-year jumps of the early 1970's will probably not be repeated.

Changes within the consumption pattern have also occurred, including a shift toward drier wines. This is a step back from the "sweet wave" that developed in the German wine industry in the 1950's, and a return to patterns closer to pre-war tastes. The growing tendency to drink wine with meals is partly responsible, as well as the changing taste of new wine drinkers.

Another factor in consumption patterns is the growing popularity of imported wines. Total wine imports have nearly doubled since 1969 to an estimated 8 million hectoliters in 1979/80.

On a per capita basis, consumption of imported wine has increased from about 5 to nearly 8 liters annually. The leading import sources are France and Italy, whose dry, red wines naturally complement the whites produced domestically.

Wines from "third countries" outside the European Community (EC), however, are also popular. The best-selling import is thought to be Yugoslavian wine. Wines from a growing number of sources, including California, Australia, and South Africa, are increasingly seen in local shops.

California wines, despite their still very small position in the market, have attracted much attention in the past year and a half, and import levels have been expanding geometrically.

Total U.S. shipments to Germany were extremely small until last year when California wines were popularly "discovered" and registered, encouraging sales increases. Although end prices must include allowance for duties, high transportation costs, and relabeling costs, California wines are being sold increasingly in wine shops and supermarkets.

Some of the finest Napa Valley wines are currently available through one importer's catalog sales program, and others are quickly finding German representatives. The press coverage of California wines has been extensive and in the main highly favorable.

Several promotional events for California wines have been held in recent months, seeking to capitalize on the interest in this wine.

The largest events were "double-header" wine tastings hosted on successive evenings by U.S. Agricultural Counselor Dale B. Douglas, and former U.S. Ambassador to the Federal Republic of Germany, Walter J. Stoessel, Jr. Held in the Agricultural Trade Office in Hamburg, the two tastings presented 101 labels from over 40 wineries to more than 125 guests, representing Germany's wine importers, wine trade associations, gourmet press, and hotel and restaurant industries.

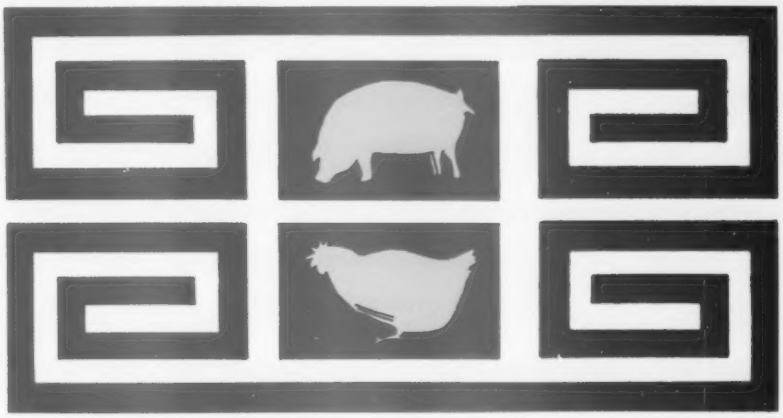
Both on-the-spot responses and follow-up reports by importers currently offering California wines have confirmed the favorable reaction that these tastings, like others, have generated.

Also, it cannot be forgotten that Germany is a major wine exporter. Exports have risen from less than 300,000 hectoliters in 1969 to an estimated 1.8 million in 1979/80. The United States, United Kingdom, Benelux countries, Canada, and Denmark are the leading customers for German wines.

While prospects for further growth in the United States and United Kingdom —each accounting for nearly one-third of Germany's wine exports—are limited in the near future because of price factors, new markets in Japan, Australia, and New Zealand are increasing in importance. ■

Rising Greek Consumption Of Pork and Poultry Fuels Demand for U.S. Corn

By Wilferd L. Phillipsen and Nick Triantaphyllidis



As in other countries of Western Europe, Greece's production and consumption of meat have grown dramatically during the past several decades, with attendant expansion in imports of feedgrains. U.S. corn has been a particular beneficiary of these trends—especially given the sharp growth rates in the grain-dependent pork and poultry industries and the availability of Government subsidies on feedgrain consumption.

Now, with Greece a member of the European Community as of January 1981, meat production and grain imports will be influenced by EC farm policies. These policies have multiple implications for Greek production and trade, but overall they appear likely to encourage growth of feedstuff imports, with some possible shift from corn to soybeans and nongrain feeds.

Since July 1970, when the Government of Greece initiated a subsidy program for feedgrains, the utilization of corn, barley, and feed wheat by Greek livestock and poultry farmers has increased from 534,005 metric tons in calendar 1971 to 1,677,323 tons in 1979. Imports of grain (practically all U.S. corn) rose from 129,772 tons in 1971 to 1,181,976 in 1979.

By fiscal 1980, U.S. corn exports to Greece were earning some $146 million—or more than half of the $273 million in total farm exports to Greece and a 12-fold gain from the $12 million worth shipped in fiscal (July-June) 1971.

This trade growth stems from a long-standing boom in Greek meat consumption and a parallel shift to pork and poultry from the beef and sheep and goat meats generally preferred by Greek consumers.

At the beginning of the 1950's, composition of Greece's food supply, on the basis of caloric intake, was 55 percent wheat and wheat products and nearly 20 percent oils and fats (almost exclusively olive oil). The balance of the caloric intake was obtained from fruits, vegetables, and pulses, and—to a small extent—from meat, fish, and dairy products. Meat, however, was a luxury, as evidenced by annual meat consumption of about 9.6 kilograms per capita. Some 6.4 kilograms of that was supplied by beef and sheep and goat meats and only 3.2 kilograms by pork and poultry meat.

By 1960, consumption of beef and sheep and goat meats had risen to 17.29 kilograms per capita, and that of poultry and pork, to 5.75 kilograms—a ratio of 75:25. However, growth in the size of poultry and pork production units and modernization of methods were reducing production costs, laying the basis for a sharp change in consumption patterns during the following two decades. By 1970, the ratio of beef and sheep and goat meat consumption to that of pork and poultry had changed to 67:33, and for 1980, the ratio is estimated at 57:43.

This shift in meat consumption has been primarily the result of price differentials between the various kinds of meat. For example, during 1970-79, prices received by farmers for slaughtered animals increased, on a

Greece: Production of Pork and Poultry Meat, Feedgrain Consumption and Imports of U.S. Corn, 1971-79

[In metric tons]

Year	Production	Feedgrain consumption	Imports of U.S. corn
1971	141,800	543,005	129,772
1972	157,450	609,570	157,099
1973	172,200	943,125	688,163
1974	189,900	1,078,831	771,208
1975	184,200	1,336,424	708,426
1976	204,300	1,406,435	811,199
1977	215,800	1,520,171	992,471
1978	230,900	1,585,570	1,058,740
1979	243,200	1,677,323	1,181,976

Source: Office of U.S. Agricultural Counselor, Athens.

Mr. Phillipsen is U.S. Agricultural Counselor and Mr. Triantaphyllidis, Agricultural Specialist, Athens.

current price basis, by 315 percent for beef, 411 percent for sheep, and 426 percent for goat meat, while rising only 289 percent for pork and 227 percent for poultry.

Also contributing to change were Government subsidies on feedgrain consumption. The consumption subsidy, initiated in 1970, amounted to 2,300 drachmas ($62) per metric ton in 1979.

Yet, despite its considerable progress so far, Greece has a long way to go if it is to match consumption levels of other EC countries. On the basis of 1976 data, Greek per capita consumption of meat totaled only 55.7 kilograms, putting Greece in 10th place vis-a-vis the EC countries and far below the 152.1 kilograms per capita for first-ranked Denmark.

If incomes rise as expected now that Greece has joined the EC, this gap should narrow in coming years. Moreover, the removal of fixed retail prices should provide a greater retail price advantage for pork and poultry and thus assure them the bulk of consumption growth.

As a member of the EC, Greece now is subject to the tariff structure and producer incentives that have encouraged a meat production boom in other EC countries. For instance, Greece previously imported mostly red meats from countries with which it had clearing account payment agreements. These agreements were terminated upon Greek membership in the Community, thus spelling higher costs for red meat of foreign origin. At the same time, domestic production of those meats is inhibited by limited availability of suitable pasture for beef animals, high land costs, and the price competition—now intensified by the EC's Common Agricultural Policy—of crop production.

On the other hand, prospects are good for domestic production of hogs and poultry, in which Greece is already self-sufficient and which require relatively little space while depending on concentrated feedstuffs. It is true that subsidies on feedgrain consumption are being terminated, and Greece's feedgrain imports now are subject to the EC's variable import levy system. Buy soybean imports will benefit from the EC's zero duty on such trade, whereas they were subject to duty under the Greek tariff system. These changes should tend to encourage imports of soybeans and nongrain feeds over those of feedgrains.

Still, there will be only a limited incentive to increase domestic production of feedgrains, and the export availability of corn and barley from other EC members will remain uncertain in view of the Community's persistent feedgrain deficit. ■

FAS Survey of Average Retail Food Prices in Selected World Capitals, July 7, 1981

(In U.S. dollars per kg[1] or units as indicated, converted at current exchange rates)

Item	Bern	Bonn	Brasilia	Brussels	Buenos Aires	Canberra	Copenhagen	London	Madrid	Mexico City	Ottawa	Paris	Rome	Stockholm	The Hague	Tokyo	Wash., D.C.
Steak, sirloin	16.37	9.82	2.59	9.63	3.41	8.62	10.68	13.47	6.71	5.32	7.90	10.03	10.27	16.06	19.08	35.51	7.36
Roast, chuck	8.18	6.75	2.32	4.96	3.09	5.49	7.54	7.38	4.92	4.90	5.09	8.10	8.63	([2])	6.05	21.71	5.04
Pork chops	8.90	5.25	2.43	3.90	2.98	5.93	5.91	5.31	3.65	5.50	3.74	5.10	5.34	8.40	5.10	7.32	5.70
Roast, pork	12.76	4.50	4.00	4.37	5.20	5.74	6.89	4.07	6.01	8.08	3.95	6.49	5.75	15.44	5.83	8.99	5.26
Bacon, sliced, pkgd.	5.05	7.05	5.61	4.27	4.66	8.24	6.77	6.94	5.94	4.23	3.63	19.03	8.09	9.13	8.40	9.39	3.50
Broilers	2.65	2.15	1.26	2.42	[3]1.82	2.29	3.45	2.09	1.52	2.65	2.68	3.66	2.46	4.40	[3]1.91	[3]3.59	1.30
Eggs, dozen	2.12	1.42	.86	1.14	1.09	1.71	1.77	1.56	1.09	.87	1.02	1.71	1.35	2.18	.95	1.21	.78
Butter	7.34	1.01	2.80	4.15	5.24	2.92	3.72	3.34	6.32	6.33	3.58	4.70	4.42	4.27	.85	5.61	4.29
Margarine	2.70	1.38	1.51	2.10	3.97	1.99	1.66	2.10	2.48	2.40	2.58	2.15	1.89	3.18	.34	2.58	2.13
Cheese	7.08	5.00	4.23	5.38	7.48	3.07	5.78	5.09	7.27	12.61	5.85	6.52	4.93	6.09	5.21	5.22	8.22
Milk, whole, liter	.67	.40	.46	.54	.82	.57	.57	[4].36	.42	.46	.68	.59	.52	.59	.42	.84	.62
Oil, cooking, liter	2.02	1.96	.86	1.65	3.13	2.28	2.99	1.50	1.51	1.39	1.94	1.82	.81	4.83	.91	2.00	1.14
Tomatoes	1.68	1.29	.39	1.26	1.07	3.09	2.77	([2])	1.00	.90	1.50	1.54	1.23	2.75	.91	1.53	1.01
Onions	1.16	1.09	.31	.82	.55	1.48	1.67	1.27	.56	.54	1.28	1.02	.66	1.95	.28	1.20	.88
Potatoes	.52	.41	.59	.57	.26	.71	.59	.50	.26	1.38	.68	.54	.29	.79	.18	([2])	1.03
Apples	1.03	1.34	1.40	.84	.83	.98	1.20	1.45	.80	6.13	1.45	.86	.66	2.09	.46	3.27	1.19
Oranges	.96	1.09	.32	.84	.57	.67	1.58	1.01	.95	.51	1.00	1.07	.99	1.47	.73	[5]2.82	.64
Bread, whitd, pkgd.	1.64	.70	.91	.86	1.42	1.38	1.70	.97	.90	.77	1.04	1.00	1.31	2.40	.56	1.61	1.45
Rice	.91	1.35	.57	.79	1.09	.94	1.61	1.16	1.11	.93	1.75	1.18	1.11	1.71	.62	1.39	1.03
Sugar	.96	.81	.47	.86	1.04	.57	1.39	.74	.71	.55	.83	.71	.70	1.04	.74	1.20	1.30
Coffee	6.55	6.82	2.56	5.85	6.70	13.24	6.79	8.75	5.43	4.88	6.75	5.89	6.14	6.50	4.09	12.96	5.22

Note: Prices in this table may not be directly comparable due to differences in quality, packaging, and seasonal variations in supply.

Food prices of selected commodities are obtained by U.S. agricultural counselors and attaches on the first Tuesday of every other month. Local currency prices are converted to U.S. prices on the basis of exchange rates on the date of compilation. Thus, shifts in exchange rates directly affect comparisons between time periods.

The objective of the survey is to reflect the level of prices in other countries of items normally purchased by U.S. consumers. Exact comparisons are not always possible, since quality and availability vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but they are not necessarily representative of those in the reporting countries.

[1]1 kilogram = 2.2046 pound. 1 liter = 1.0567 quart. [2]Not available. [3]Whole. [4]British pint of 20 ounces. [5]Imported.

Trade Briefs

Japan's Smaller Beef Quotas Not Expected To Affect Imports From U.S.

Japan's beef import quotas have been lowered slightly for the first 6 months of the Japanese 1981 fiscal year (April 1981-March 1982), but the move is not expected to affect beef imports from the United States. The new 6-month beef quota announced recently by the Ministry of Agriculture, Forestry, and Fisheries (MAFF) is 68,000 metric tons, compared with 72,000 tons for the same period in fiscal 1980. Stagnant beef demand, stable pork and poultry prices, and a sharp increase in domestic production of dairy beef are cited as reasons for the lower quotas. The General Quota of 60,000 tons absorbed all of the decline from the 1980 level, while the hotel, Okinawa, school lunch, and boiled beef quotas remain unchanged. U.S. beef sales to Japan, consisting mostly of high-quality beef, should not decline because of the smaller quota. Japan has agreed in the Multilateral Trade Negotiations to increase (by a minimum of 10,000 tons per year) imports of high-quality beef to 30,800 tons during each of the fiscal years 1981-1982.

Followup Sales for U.S. Food Exhibit in Cairo Are Brisk

Followup sales to the American Food Exhibit that was staged in Cairo, Egypt on March 16-17 are brisk, according to a survey conducted by the U.S. Agricultural Counselor's Office in Cairo. Included in the survey were 25 firms of the 202 that had indicated products of interest at the show. The survey revealed that these Egyptian importers at the exhibit ordered $310,000 worth of U.S. food products. As well, they indicated that they would place additional orders totaling $28 million during the next 12 months. The leading sales category reported was beef and products with orders valued at nearly $12 million. The largest order anticipated, at around $11 million, was for mechanically deboned beef to be imported by a public sector company for the account of the Ministry of Supply. Private importers indicated that they would purchase about $700,000 worth of beef and products. The next highest category of anticipated purchases was for frozen poultry and products (about $6.8 million), followed by canned foods (approximately $6 million).

South Africa Likely To Import Wheat Again in 1981/82 Season

As a result the drought-reduced crop in 1980 and a smaller wheat area this year, South Africa will probably need to import wheat again during the 1981/82 marketing year (October-September), which would mark the second straight season that South Africa has had to purchase wheat to meet domestic demand. It also would be only the second time in the past 9 years that South Africa has imported wheat. In the 1980/81 season, South Africa will import approximately 210,000 metric tons of wheat, all of which is expected to be of U.S. origin. South Africa's wheat production fell to 1.5 million tons in 1980 from 2.1 million tons the previous year. During the 7 years of surplus production, South Africa's wheat exports averaged 164,000 tons a year, hitting a high of 422,000 tons in 1973.

Canada's Flue-Cured Tobacco Target Raised for 1981 Crop

Canada's flue-cured tobacco growers will raise a larger crop this season and receive a higher guaranteed price as a result of the recent agreement between the Canadian Tobacco Manufacturers Council (CTMC) and the Ontario Flue-Cured Tobacco Growers' Marketing Board. Growers will receive a guaranteed minimum average price of Can$1.42 per pound (up from Can$1.28 in 1980) on a total crop of 220 million pounds. The 1981 production target is nearly 3 percent greater than the estimated 1980 outturn of 214 million pounds. The CTMC also agreed to continue to fund the export rebate program. The export goal of 83 million pounds of Ontario flue-cured tobacco, compared with actual exports of 43 million pounds in 1980. The rebate level will be 7-20 cents per pound, with high grades receiving a smaller rebate than the lesser grades—similar to the method used in last year's program. Most likely, the export rebate fund for the 1981 crop will exceed Can$10 million.

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